

NOV 7 1950

Report on the Request of Committee on Expenditures
in the Executive Departments

1. Prior to 20 June 1949, the administration of CIA was conducted under laws and regulations of general application and under authorities of appropriation acts serving as sources of CIA funds. These authorities were inadequate to serve the "unorthodox" needs of this agency, consequently administrative officials were required to continually resolve legal obstacles in order to provide the necessary services. P.L. 110 furnishes the legal authorities that were previously lacking and provides the flexible basis that is required for administering the responsibilities of the CIA mission.

The improvement in the administration of CIA pursuant to P.L. 110 results from the flexibility for administrative actions that are permitted under this law. That was the primary objective of the act.

2. Steps which have been taken to carry out P.L. 110.

a. Seal of Office - Sec. 2

As required under Sec. 2 of the law, a seal of office was made for CIA, and approved by the President by E.O. 10111, 17 February 1950.

b. Procurement Authorities - Sec. 3.

The procurement authorities authorized under Sec. 3, based upon certain authorities of the Armed Services Procurement Act of 1947, (P.L. 413, 80th Congress, second session) have been incorporated into the agency procurement regulations. Delegations of authority to appropriate procurement officials have been executed fixing responsibilities and delegating authorities as are required for carrying out the agency procurement program.

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c. Education and Training - Sec. 4

Section 4 of P.L. 110 provides for conditions under which agency employees may receive special instruction and training and authorizes the Director to prescribe regulations covering incidental costs thereof. Under this authority an authorized training program has already been activated. Agency regulations have been written providing for payment for tuition and reimbursement of employees' expenses related to this program.

d. Travel, Allowances, and Related Expenses - Sec. 5

(1) This category, under the CIA mission, involves extremely complex problems related to domestic and foreign travel which are not common to most governmental agencies. Sec. 5. provides for the Director to prescribe regulations covering authorities granted by P.L. 110. Travel regulations have been drafted and are being continually revised as new situations arise that are not previously anticipated, especially in connection with foreign travel.

(2) In addition to travel and transportation incidentals, Sec. 5. sets forth conditions for authorizing (1) periodic home leave and allowances to employees assigned to permanent duty outside the United States, and (2) an appropriate first aid and medical service program. Agency regulations have been drafted covering these categories, based upon the provisions of the Foreign Service Act of 1946. An Agency staff organizational unit is functioning at headquarters to provide the services authorized by law (5 U.S.C. 150) and for administering the essential needs of this agency as authorized by Sec. 5. (A), (B), (C), and (D).

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3. Administrative deficiencies eliminated or improvements which have been made in the organization and management of the Agency.

a. Administrative improvements have been effected in the services units of the agency pursuant to enactment of P.L. 110. Details are set forth in the individual reports submitted by them. Some general effects of P.L. 110 follow:

(1) Sec. 6a authorizes CIA to transfer to and receive from other government agencies such sums as may be approved by the Bureau of the Budget for the performance of any of the functions or activities authorized under Sections 102 and 303 of the National Security Act of 1947 (Public Law 253, 80th Congress), "(the CIA prescribed functions)", and any other government agency is authorized to transfer to or receive from the agency such sums without regard to any provisions of law limiting or prohibiting transfers between appropriations. Sums transferred to the agency in accordance with this paragraph may be expended for the purposes and under the authority of this Act without regard to limitations of appropriations from which transferred;" The authority of Sec. a, as set forth

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furnished CIA, which in prior years was often difficult to arrange because of legal restrictions of general laws.

(2) Other general authorities authorized under Sec. 6. which have reduced the financing and other administrative problems faced in

the past are the following:

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Sec. 6 (c) which authorizes detail of other agency personnel to CIA without regard to provisions of law to the contrary, and for reimbursement by CIA for such assignments.

(b) Sec. 6 (d), which authorizes couriers and guards to carry firearms when engaged in transporting classified materials.

(c) Sec. 6 (e), which permits the making of alterations, improvements and repairs on rented premises and the paying of rent without regard to limitations on expenditures contained in the Act of 30 June 1932, as amended, if approved as necessary, by the Director. The authority permitted under Sec. 6 (e) is particularly useful in the establishment of field offices where often special alterations to premises are required including the installation of security alarm systems.

(3) Sec. 7 exempts the CIA from provisions of laws which require the publication or disclosure of agency organization, functions, etc., and personnel data, and from reporting of data concerning CIA, for security reasons.

(4) Sec. 8. concerns operational matters and provides for admission of aliens into the United States in connection with the furtherance of the national intelligence mission.

(5) Sec. 9 authorizes the DCI to establish and fix compensation of three positions in the professional and scientific field for specially qualified scientific or professional personnel. This provision was

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designed to attract highly qualified personnel who otherwise might be reluctant to accept employment with this agency because of the ceiling on compensation.

(6) The appropriation language in Sec. 10 provides the agency latitude in the obligation of funds beyond the usual authorizations granted government agencies, but necessary for CIA because the work of the agency is concerned with matters involving national security. This authority permits administrative actions to be taken in support of urgent operational projects, which often would be subject to legal restrictions.

4. Estimates of savings that might have been realized or that may be expected as the result of such legislative action.

As stated on page 1, the purpose of P.L. 110 was to provide CIA with authority to exercise the functional responsibilities prescribed by P.L. 253, Sec. 102 and 303. The indirect money benefits that may accrue are for future determination.

5. Effects of other legislative actions taken by the 81st Congress which are designed to promote economy and efficiency in the Executive Branch.

a. The Budget and Accounting Procedures Act of 1950, P.L. 784. --

This Act authorizes the President to determine the form of the national budget and of departmental estimates, to modernize and to simplify governmental accounting and auditing methods and procedures. The Act was approved 12 September 1950 and calls for major deviations from past accounting and reporting practices. Insofar as the individual agencies are concerned, the action that is required is set forth

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under Sec. 113 a which, in brief, requires each agency to "establish and maintain systems of accounting and internal control designed to provide - full disclosure of the financial results of the agency's activities," etc.

Agency officials are already studying the act and conferring with representatives of the GAO, Budget Bureau and the Treasury concerning the accounting and reporting system and procedures best suited for the needs of CIA.